

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

PAID-UP OIL AND GAS LEASE

STATE OF TEXAS

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**COUNTY OF TARRANT** 

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THIS AGREEMENT, made this 27th day of April, 2010, by and between the FAYE C. GOOSTREE
TESTAMENTARY TRUST, Regions Bank, Trustee, whose address is P. O. Box 2020, Tyler, Texas 75710, herein called "Lessor", and FINLEY RESOURCES, INC., whose address is 1308 Lake Street, Fort Worth, Texas 76102, herein called "Lessee":

## WITNESSETH THAT:

1. (a) Lessor, for and in consideration of TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration in hand paid by Lessee, the receipt and sufficiency of which are hereby acknowledged, and in consideration of the royalties herein provided to be paid and the covenants, agreements and obligations of Lessee herein contained, and upon the conditions and with the limitations hereinafter set forth and contained, hereby grants, leases and lets exclusively unto Lessee, its successors and assigns, for the purpose of (i) investigating, exploring, prospecting, drilling, mining and operating for and producing oil and gas, and (ii) conducting geophysical and seismic operations, constructing and maintaining pipelines, roads tanks, power stations, canals, telephone lines, and other structures (other than refineries and gasoline plants) thereon that may be reasonable in connection with any such operations conducted by Lessee, to produce, save, store, transport, take care of, treat and own Lessee's share of said products produced from the following described land in Tarrant County, Texas, to-wit:

1.4127 acres, more or less, being Lot 18 of Block 8; Lots 6, 9, 10, 16-20 of Block 9 and Lots 1-5 of Block 10 of the Riverside Gardens Addition, more particularly described by metes and bounds in that certain Plat recorded in Volume 388-B, Page 190 of the Plat Records of Tarrant County, Texas.

- (b) The term "oil and gas" for the purpose of this lease shall be deemed to include oil, gas casinghead gas and by-products thereof, other hydrocarbons, sulphur and other substances as are produced with, and incidental to, the production of oil or gas from wells on the leased premises or on land pooled therewith.
- (c) This lease is made subject to all easements and road rights-of-way, if any, affecting the leased premises.
- (d) For the purposes of determining the amount of any money payment hereunder, said premises shall be treated as comprising 1.4127 acres, whether there be more or less.

The term "leased premises" for the purpose of this lease shall mean such of the above described land as is at the time subject to this lease. This lease also covers accretions and any small strips or parcels of land now or hereafter owned or claimed by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any rentals and shut-in royalties hereunder, said land shall be deemed to comprise 1.4127 acres, whether it actuall comprises more or less.

- 2. Subject to the other provisions herein contained, this lease shall be for a primary term of three (3) years from the date of this instrument, hereinafter called effective date, and for so long thereafter as oil and/or gas is produced in paying quantities from the leased premises, or land pooled therewith as herein permitted, with royalties being timely and properly paid, or operations are being conducted as hereinafter provided. Lessee is given the option, to be exercised prior to the date on which this Lease or any portion thereof would expire in accordance with its terms and provisions, of extending this Lease for a period of two (2) years as to all of the Land which would expire unless so extended. This option may be exercised by Lessee paying to Lessor an amount equal to the original bonus paid for this Lease on a per acre basis direct to the Lessor at the above address.
- 3. The royalties to be paid by Lessee on production from wells on the leased premises or on lands pooled therewith are:

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(a) On oil, including distillate or condensate and other liquid hydrocarbons produced and saved from the leased premises, by ordinary production methods (herein "oil") 22-1/2% of that produced from the leased premises, to be delivered to Lessor's credit into any pipeline to which the well or wells, or any of lessee's tanks may be connected, all free of any cost or deductions for production, handling, transportation (including trucking charges) and delivery.

Lessee will purchase or cause the purchase of all Lesson's royalty oil in Lessee's possession, paying the market price (for oil similarly situated) prevailing for the field where produced on the date of purchase, but not in any event is such price to be less than the gross price being received by Lessee for sale of its oil. Lessee agrees that Lessor shall never be forced or obligated in any manner to take Lessor's royalty portion in kind.

- (b) The royalty on gas, including casinghead gas or other gaseous substances produced from the leased premises, shall be as set out below. However, Lessee hereby agrees, without further notice, to market Lessor's royalty portion of the said gas so long as any part of Lessee's portion of said gas is being sold and/or marketed. Lessee further agrees that all such sales must be at a price that is fair and reasonable for the area as determined by "arm's length" negotiations, and must be at least equal to the gross amount being paid for Lessee's gas, casinghead gas, or other gaseous substances at the wellhead, unless otherwise set forth below. Lessee also further agrees that Lessor shall never be obligated in any manner to take Lessor's royalty portion in kind.
- (1) On gas sold at the well or sold or used off the leased premises (other than for processing at a plant as described in paragraph 3(b)(3) hereof) 22-1/2% of the higher of the value of the gross proceeds received by Lessee or a fair and reasonable price for the area determined by "arm's length" negotiations.
- (2) On distillate, condensate and other products separated or extracted from gas by use of oil and gas separators or conventional type or other equipment at least as efficient, Lessor shall receive its royalty as specified in paragraph 3(a) of the distillate, condensate and other products so separated and extracted, together with a royalty on residue gas in the amount and determined as provided in paragraph 3(b)(1) of this lease, it being understood and agreed that said gas before being sold or used will be run through such separators or other equipment unless (1) the same is processed in an absorption or extraction plant, or (2) the liquid hydrocarbon content of said gas is so small as to make the installation and operation of separators or other comparable equipment unprofitable, or (3) the pressure of said gas is such that running the same through separators or other comparable equipment will so reduce the pressure that Lessee will be unable to sell and deliver the separated gas against existing gathering system or pipeline pressures.
- (3) If gas produced from the leased premises, is processed in any absorption, cycling, recycling or extraction plant or other plant or facility or facilities for the recovery of liquid and/or liquefiable hydrocarbons therefrom (hereinafter "products"), then Lessor shall receive as royalty 22-1/2% of the higher of the value of the gross proceeds received by Lessee or a fair and reasonable price for the area determined by "arm's length" negotiations for all such products so extracted or absorbed, separated or saved from or attributable to said gas, the same to be delivered to the credit of Lessor into such truck, tank, tank car, or pipeline available for such products at the tailgate of such plant, and in addition thereto, Lessor shall be paid as royalty 22-1/2% of the higher of the value of the gross proceeds received by Lessee or a fair and reasonable price for the area determined by "arm's length" negotiations for all residue gas attributable to the leased premises, sold or used, which residue gas is understood to be the gas at the tailgate of such plant after same has been processed for the extraction of the liquid hydrocarbons therefrom.
- (c) On all other minerals produced and saved from the leased premises as royalty 22-1/2% of the higher of the value of the gross proceeds received by Lessee or a fair and reasonable price for the area determined by "arm's length" negotiations for the sale of all such minerals attributable to the leased premises.
- (d) Lessor shall share in "take or pay" payments. If any gas purchase contracts, agreements or any amendments thereto entered into by Lessee for the sale or disposition of gas or other products produced under this lease should contain a "take or pay" clause requiring a purchaser of gas to take, or upon failing to take, to pay for the minimum annual contract volume of gas which a producer-seller has available for delivery, then any payments made by such purchaser of gas under such provision, whether or not gas is actually delivered, shall be subject to the payment of royalty to the Lessor as herein provided. Upon written request by Lessor, Lessee agrees to furnish Lessor complete copies of all such gas purchase contracts or agreements and any amendments thereto entered into by Lessee for the sale or disposition of gas or other products produced under this lease. The terms, conditions and other information contained in any gas contract provided to Lessor shall be considered confidential and for use of Lessor and Lessor's appropriate beneficiaries only.
- (e) Except as herein otherwise provided, Lessor's royalty shall never bear or be chargeable with, either directly or indirectly, any part of the costs or expenses of production, gathering, dehydration, compression, transportation, manufacturing, processing, treating or marketing, depreciation of any plant or other facility or facilities or equipment for processing or treating of said oil or gas produced from the leased premises or lands pooled therewith other than "arms length", third party gathering, compression, transportation, handling, delivery or marketing charges actually incurred by Lessee with a non-affiliated entity. In the event Lessee (or purchaser contracted by Lessee to purchase the production) fails to comply with the terms of this paragraph and does, in fact, deduct costs or expenses from the value of Lessor's production, Lessee shall reimburse Lessor as follows: (i) the full amount of such deductions made from the date first deducted, (ii) interest on such amount at an annual percentage rate equal to the prime rate of interest as set by Regions Bank, Tyler, Texas, as of the date the first such costs or expenses were so deducted, plus 3%, or the maximum contract rate allowed by law, or 12%, whichever is greater, such interest to be compounded monthly, (iii) with such payments being made to Lessor within thirty (30) days after receipt by Lessee of written notification given by Lessor of such breach of this contract.

- (f) Lessee shall pay Lessor interest on unpaid royalty at an annual percentage rate equal to the prime rate of interest as set by Regions Bank, Tyler, Texas, as of the royalty due date, plus 3%, or the maximum contract rate allowed by law, or 12%, whichever is greater. Said interest is to be paid by Lessee from and after the due date of royalty until payment or delivery of royalty, as such is herein provided, and shall be compounded monthly. "Due date" is herein defined as 120 days after the date of the sale of first production from any well drilled on this land or on lands with which the herein described land, or any part thereof, may be pooled.
- 4. If at any time there is located on the leased premises or on land pooled therewith a well or wells proven capable, by actual tests, of producing gas in paying quantities and such well is shut in because of lack of market or marketing facilities or governmental restrictions, and this lease is not being otherwise maintained as herein provided, then Lessee may maintain this lease in force and effect by paying or tendering to Lessor, annually, the sum of \$5.00 per acre on the leased premises; the first such payment to be made within ninety (90) days after the date on which such well is shut in and subsequent payments to be made on or before the respective anniversary date of the shutting in of the well. So long as such annual payments are being tendered, this lease, subject to Paragraph 7 below, shall be considered as producing gas in paying quantities, provided, however, that Lessee shall be entitled to maintain this lease after the expiration of the primary term by such annual payments for a cumulative total of only two (2) years. Lessee may continue to maintain the lease in force beyond this two year limitation period by the continuation of annual payments of triple (\$15.00 per acre) the amount per acre as set out above. A horizontal well drilled into the Barnett Shale but not yet completed shall be deemed, for the purpose of this paragraph only, as being capable of producing in paying quantities.
- 5. If actual drilling operations for oil and gas are not commenced on the leased premises or on land pooled therewith, prior to expiration of the primary term above provided, this lease will terminate at the expiration of the primary term thereof. If at the expiration of the primary term, oil or gas is not being produced from the leased premises or on land pooled therewith in paying quantities, but Lessee is then engaged in actual drilling operations thereon or has completed a dry hole thereon within ninety (90) days prior to the end of the primary term, this lease shall remain in force so long as drilling operations on said well or any additional well or wells thereon are prosecuted with no cessation of more than ninety (90) days, and if such operations result in the production of oil or gas, so long thereafter as oil or gas is so produced in paying quantities. If after discovery and production of oil or gas on the leased premises or on land pooled therewith, the production thereof should cease from any cause, and the lease is not being held by any other means, then in such event, subject to Paragraph 7 herein, if Lessee commences drilling and/or workover operations in or on such well, or actual drilling operations for a new well on the remaining leased premises or on land pooled therewith within ninety (90) days after cessation of such production, this lease shall nevertheless continue in force so long as such drilling operations on said well or on any additional wells are prosecuted with no cessation of more than ninety (90) consecutive days, and if any such operations result in the production of oil or gas in paying quantities, so long thereafter as oil or gas is so produced in such paying quantities.
- 6. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within 330 feet of the leased premises, Lessee shall drill on the leased premises such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances, or release such affected acreage, as provided in this lease, and the burden of establishing reasonableness shall be on Lessee in any litigation resulting from same.
- 7. After the expiration of the primary term hereof, this lease shall remain in force and effect as to all of the lands covered thereby so long and only so long as Lessee shall conduct continuous drilling operations on the leased premises or on land pooled therewith as hereinafter provided. The term "continuous drilling operations" shall mean that not more than ninety (90) days shall expire between the completion as a producer or the abandonment as a dry hole of a preceding well and the commencement of actual drilling operations for the next well.

If Lessee fails to conduct continuous drilling operations on the leased premises or on land pooled therewith, this lease shall thereupon terminate as to all of the leased premises, except as follows:

- (a) If Lessee has completed a well (or wells) on the leased premises or on land pooled therewith that is producing or capable of producing oil or gas in paying quantities and is included within a pooled unit (or units), then this lease shall continue in effect as to the land covered hereby that is within the bounds of such unit (or units), but only to the depth specified herein;
- (b) If Lessee has completed a well (or wells) on the leased premises that is producing or capable of producing oil in paying quantities and there is no pooled unit designated of record around same, then this lease shall continue in effect as to a tract of 40 acres around such well (or wells), subject to any rules and regulations set out by the Texas Railroad Commission or other governing body of this state, but only as to the depth specified herein;
- (c) If Lessee has completed a well (or wells) on the leased premises that is producing or capable of producing gas in paying quantities and there is no pooled unit designated of record around same, then this lease shall continue in force and effect as to a tract of 640 acres around such well (or wells), subject to any rules and regulations set out by the Texas Railroad Commission or other governing body of this state;
- (d) In each such above case the acreage around such oil or gas well so held is to be limited from the surface to the depth of 100 feet below the stratigraphic equivalent of the deepest commercially producing perforations at which such well is then completed as a well capable of producing oil and/or gas in paying quantities; provided, however, that if any governmental rule or authority prescribes or permits a spacing pattern for the orderly development of the field or allocates a producing allowable based in whole or in part on acreage per well, then any acreage retained hereunder may include as much additional acreage as may be so prescribed, permitted or allocated, but only to the depth herein specified;

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(e) Lessee shall designate and file for record in the County Clerk's office the area to be maintained within thirty (30) days of the expiration of said ninety (90) day time period. The designated areas to be maintained around each such well shall be of such shape and have such boundary lines as to comply with applicable rules and regulations of the governmental authority having jurisdiction.

(f) It is the intention of the parties hereto that upon the cessation of continuous drilling operations by Lessee upon the leased premises pursuant to this Paragraph 7, each such area containing a well producing or capable of producing oil or gas in paying quantities shall be treated as constituting a separate lease, and neither production from nor operations on any such area shall maintain this lease in force as to any other area.

- 8. Whenever used in this lease, the words "drilling operations" or "operations" shall mean operations for and any of the following: actual pad construction, drilling, testing, completing, reworking, recompleting, deepening, side-tracking, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil or gas. The words "actual drilling operations" shall mean having the bit in the ground and rotating same.
- 9. Lessee is hereby granted the right to pool or unitize the leased premises or any part thereof, with any other land, lease, leases, mineral estates or parts thereof for the production of oil and gas, or either of them, when in Lessee's judgement it is necessary or advisable to do so in order to properly develop and operate said leased premises or to promote the conservation of oil and gas in and under and that may be produced therefrom. Such pooling may include all oil and gas or may be limited to either and may extend to all such production or may be limited to one or more zones or formation. Units pooled for oil hereunder shall not exceed forty (40) acres, plus a tolerance of ten percent (10%), and units pooled for gas hereunder shall not exceed 640 acres, plus a tolerance of ten percent (10%); provided, however, that if any governmental rule or authority prescribes or permits a spacing pattern for the orderly development of the field or allocates a producing allowable based in whole or in part on acreage per well, then any unit may be formed or reformed to embrace acreage up to the maximum content so prescribed, permitted or allocated. Lessee shall file written unit designations in the county in which the leased premises are located, and shall forward to lessor a copy of such unit designation, as so filed and recorded, together with a plat thereof, including the legal description of the unit and of the portion of the leased premises included therein. Such units may be designated either before or after the completion of any well or wells. Drilling or reworking operations or production from any part of the pooled acreage shall be treated for all purposes hereof as if such drilling or reworking operations are upon, or such production is from the leased premises included within such pooled unit, whether the well or wells are located on land covered by this lease or not. In the event of such pooling, Lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of Lessor's acreage placed in the unit or its royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but lessee shall nevertheless have the right to pool or unitize as provided in paragraph nine (9) with consequent allocation of production as herein provided. As used in this paragraph nine (9), the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to the parties or amounts, from that as to any part of the leased premises.

Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall, without the joinder of Lessor, have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority, or court order, or when to do so would, in the judgement of Lessee, promote the conservation of covered minerals in and under and that may be produced from the leased premises. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and the effective date of revision shall be the date of filing unless provided otherwise in such declaration. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly, and such adjustment shall be made effective as of the effective date of the revision.

- 10. Lessee shall have free use of oil, gas and water from the leased premises, except water from Lessor's wells and tanks, for all operations hereunder upon the leased premises, including repressuring, pressure maintenance, cycling and secondary recovery operations and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or within ninety (90) days after expiration of this lease to remove all property and fixtures placed by Lessee on the above described land, including the right to draw and remove all casing (except from a producing well), and all such property or fixtures not so removed within such times shall become the property of the Lessor. When required by Lessor, Lessee will bury all pipelines below root plow depth, and no well shall be drilled within two hundred (200) feet of any residence or barn or outbuilding now on said land without Lessor's consent.
- 11. The rights of either party may be assigned in whole or in part. The provisions hereof shall extend to the successors and assigns of the parties but no change or division in ownership of the land, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee. No such change or division in the ownership of the land or royalties shall be binding upon Lessee for any purpose until such person acquiring any interest has furnished Lessee with the





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instrument or instruments, or certified copies thereof, constituting its chain of title from the original Lessor. Lessee agrees to notify Lessor in writing of any assignment by Lessee, and Lessee shall furnish Lessor a copy of such recorded Assignment, together with the name and address of the assignees.

- 12. In the event the commencement of drilling operations or continuous drilling operations by Lessee on the leased premises or on land pooled therewith are prevented, delayed, or interrupted by war, flood, fire, strike, civil commotion, natural disaster or Act of God or as a result of any law, order, rule or regulation of any governmental authority, state or federal, where lessee is not at fault, it is agreed that upon Lessee's giving notice to Lessor and reasonably full particulars in writing, or by telegram, of the cause of such delay, prevention or interruption within a reasonable time after the occurrence of the cause relied upon, then the time for the commencement of drilling of such well shall be suspended during the continuance of the inability so caused, but for no longer period, and limitation provisions herein provided shall be extended accordingly; provided, however, that nothing herein contained shall be construed to suspend or delay the time for the payment of shut-in gas well royalties or other payments under the provisions of this lease.
- 13. Lessor does not, expressly or impliedly, warrant title to the leased premises; however, Lessor agrees that Lessee, at its option after Lessee has given Lessor sixty (60) days written notice, may discharge any tax, mortgage or other lien upon the leased premises, and in the event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply royalties accruing hereunder toward satisfying same. It is further agreed that if lessor owns an interest in the oil and gas in and under any of the leased premises less than the entire oil and gas fee simple estate, then the royalties, but not the shut-in gas well royalties, to accrue or to be paid to Lessor hereunder as to such lands shall be reduced to the proportion thereof which the mineral fee estate of Lessor in such lands bears to the entire mineral fee estate.
- 14. Lessee and its successors and assigns shall have the right at any time to surrender this lease, in whole or in part, to Lessor, its successors and assigns, by delivering or mailing a release thereof to Lessor, and by placing such release thereof of record in the county in which said land is situated, and thereupon Lessee shall be relieved from all obligations of this agreement as to acreage so surrendered, except obligations and liabilities theretofore accrued, and on termination, however brought about, Lessee shall furnish Lessor a release as provided hereinbelow.
  - 15. Time is of the essence of this agreement.
- 16. Any notice or other communication required or permitted to be given hereunder shall be deemed sufficient if mailed by the party giving same to the other party by United States mail, at the address above recited, or to such other address as either party hereto shall designate by notice in writing to the other party.
- 17. It is agreed that any suits at law will be initiated in the court of proper jurisdiction of the State of Texas and the law of Texas will control in construing this lease. Should Lessor prevail in any litigation in enforcement of this lease, Lessor will be entitled to reasonable attorney's fees and prejudgment interest, as provided herein or determined by law, if there be no applicable interest provision herein.
- 18. Lessee assumes all risks and liability of any kind and nature incident to, occasioned by, or resulting in any manner, directly or indirectly, from Lessee's operations hereunder; including the release of hazardous substances, and subsequent cleanup operations in full compliance with all rules and regulations set forth in the Comprehensive Environmental Response, Compensation and Liability Act and its amendments; agrees to keep the lands duly and fully protected against any such violations thereto, and against liens of every character arising in connection with, or resulting from, said operations; and agrees to indemnify and hold harmless Lessor against any and all liens, claims for property damage from individuals, corporations or government agencies, personal injury or death sustained by any person or persons whomsoever, natural or corporate, in connection with, or resulting from Lessee's operations hereunder.
- 19. The execution of division orders shall never be required as a prerequisite for payment of royalty, and division orders, if signed for the convenience of the parties, shall not be construed as amending this lease.
- 20. Lessee shall file this lease for public record in the county where the leased premises are located within thirty (30) days from the effective date hereof, and shall furnish Lessor a complete copy of the recorded lease which clearly reflects recording references within sixty (60) days from said effective date. Upon Lessor's written request, Lessee will furnish Lessor a copy of any survey on the leased premises made by or for Lessee and will furnish to Lessor all title opinions that it has or obtains covering the leased premises. Lessee agrees that Lessor, acting by or through any agent or representative authorized by Lessor, at Lessor's risk, will have the right at all times to inspect any machinery, equipment, well or operation of Lessee upon the leased premises.

Upon Lessor's written request, Lessee agrees to promptly furnish Lessor with a copy of any potential (or 4-point) tests conducted on any well on the leased premises or on lands with which the leased premises are or might be pooled. Any information furnished Lessor will remain confidential and for Lessor's use only.

- 21. Upon expiration or termination of this lease for any reason, Lessee shall be obligated at its expense to promptly prepare, execute and file on public record in the county where the leased premises are located an appropriate release instrument covering such land, and to forward a copy of same as so recorded to Lessor.
- 22. Notwithstanding anything contained herein to the contrary, in the event Lessor owns an interest in the surface of the above described land, it is agreed by the parties hereto that any operations contemplated on the herein described

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premises must be approved in advance by Lessor in writing. Lessor agrees there will be no unwarranted delays in granting such approvals, and Lessee agrees there will be no unreasonable requests.

23. This lease states the entire contract between the parties and no representation of promise, verbal or written, on behalf of either party shall be binding unless contained herein; and this lease shall be binding upon each party executing same, regardless of whether executed by all owners of the above described land or by all persons above named as "Lessor", and notwithstanding the inclusion of other names as "Lessor", this term as used in this lease shall mean and refer only to such parties as execute this lease and their successors in interest and the parties for whom Lessor acts, as set out in Paragraph 1 hereof.

- At all times during the lease term ( and any extensions) Lessee shall remain in Environmental Compliance and shall diligently endeavor to prevent the existence of any Environmental Conditions in, on or under the leased premises. Furthermore, Lessee hereby agrees to indemnify, defend (with counsel acceptable to Lessor and Surface Owner) and hold Lessor, Surface Owner and Surface Owner's lessees, their officers, employees, contractors, agents, customers, licensees, invitees and/or visitors and any other person for or to whom Lessee may be liable, harmless from and against any and all claims, obligations, liabilities, costs, expenses (including attorney's fees), losses, suits, fines, penalties or demands, of whatever nature or kind, contingent or otherwise, known or unknown, made or sought by or on behalf of any person, firm, corporation or government authority whomsoever, based upon or arising out of the existence of any Environmental Condition on the Leased Premises which exists in whole or in part as a result of Lessee's operations or other enjoyment of the Lease. Lessee shall be solely responsible for, and the foregoing indemnification shall also specifically cover, without limitation, costs incurred in connection with any investigation of site conditions or after cleanup, remedial, removal, or restoration work required by any federal, state or local governmental agency or political subdivision. Those costs may include, but are not limited to, diminution in the value of the premises, damages for the loss or restriction on use of rentable or usable space or of any amenity of the premises, sums paid in settlements of claims, attorneys' fees, consultants' fees, and experts' fees. Furthermore, Lessee agrees to remediate within a reasonable time to prelease conditions any Environmental Condition on the leased premises which exists in whole or in part as a result of Lessee's operations or other enjoyment of the lease. The foregoing environmental obligation shall survive the expiration or termination of this Lease and/or any transfer of all or any portion of the leased premises, or of any interest in this lease. It shall be governed by the laws of the State of Texas. "Environmental Compliance" shall mean compliance with all federal, state and local environmental laws, regulations and ordinances and all conditions of all permits issued to Lessee for its operations. "Environmental Condition" shall mean the presence on the Leased Premises of any "hazardous substance", "hazardous material", "toxic substance" or "hazardous waste" as those terms are defined in any federal, state or local law, regulation or ordinance, and any contaminant, oil, produced water, petroleum product or by-product, radioactive material or by-product, mining or drilling waste, or other material the removal of which is required or the existence or management of which is prohibited, penalized, or regulated by any federal, state or local government authority.
  - 25. It is understood and agreed that Lessee shall not conduct any operations or construct any structures of any nature on the surface of the leased premises, but may produce the oil and gas underlying leased premises by wells bottomed under the surface thereof or by drainage from wells on lands pooled or unitized therewith.

IN WITNESS WHEREOF, this instrument has been executed as of the date above recited.

Faye C. Goostree Testamentary Trust

Regions Bank, Trustee

Joseph E. Hand, Jr. Senior Vice President

STATE OF TEXAS

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COUNTY OF SMITH

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This instrument was acknowledged before me on this 27th day of April, 2010, by Joseph E. Hand, Jr., Senior Vice President for Regions Bank, a state banking association, on behalf of said association and in the capacity therein stated.

PATTY L SWAIN
My Commission Expires
June 21, 2013

Notary Public in and for the State of Texas

## SUZANNE HENDERSON

**COUNTY CLERK** 



100 West Weatherford Fort Worth, TX 76196-0401

PHONE (817) 884-1195

FINLEY RESOURCES INC 1308 LAKE STREET FTW, TX 76102

Submitter: FINLEY RESOURCES INC

## **DO NOT DESTROY** WARNING - THIS IS PART OF THE OFFICIAL RECORD.

Filed For Registration:

5/27/2010 10:08 AM

Instrument #:

D210125570

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**PGS** 

\$36.00

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ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

Prepared by: DBWARD